



## State of Utah

JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

## Utah Department of Health Executive Director's Office

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### Health Care Financing

Michael T. Hales  
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June 23, 2006

Jean Sheil  
Director, Family and Children's Program Group  
Center for Medicare and Medicaid Services  
7500 Security Boulevard  
Mail Stop S2-01-16, attn: FCHPG  
Baltimore, MD 21244-1850

Dear Ms. Sheil:

In compliance with the special terms and conditions set forth by the Centers for Medicare and Medicaid Services (CMS), the Utah Department of Health (Department) requests a three-year extension of Utah's 1115 Demonstration Waiver, which includes the Primary Care Network (PCN) program. The extension, if approved, will permit Utah to continue operating its demonstration from July 1, 2007 through June 30, 2010. In addition to this extension request, the Department is also seeking amendments to sections of the existing waiver.

This request reflects collaboration and input from many sources including a public hearing and various meetings with a PCN ad hoc advisory group. The PCN advisory group consisted of community advocates, PCN service providers, Department staff, Utah State Legislators, health insurance underwriters, and other interested parties. The Department mailed notices to PCN clients regarding the extension and posted the Department's response to suggested amendments on PCN's web page. We have also participated in a consultation process with the Native American tribes.

In addition to the public input on the program, the Department has also been reviewing certain health status indicators to help determine the impact of the waiver. Program evaluation is useful not only in assessing program outcomes but also in finding ways of improving the program. The Department is vitally interested in the evaluation process and its outcomes, as it believes that the information derived will immensely benefit the State's continuing efforts in health care reform.

Since July 2002, the Department's Office of Health Care Statistics has conducted several surveys in fulfillment of reporting requirements outlined in the waiver. A summary of these survey results is attached to this document.

The Department is also currently conducting a more comprehensive evaluation of the waiver. The evaluation will focus on three primary areas of interest: Access, Quality, and Cost.



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The projected completion date of this evaluation is the fall of 2006. In addition to this evaluation, the Office of Health Care Statistics began a CAHPS survey on PCN clients in February 2006. Results from this survey should be available by August 2006.

In addition to the extension request, the Department asks that the following amendments be considered for the waiver:

### **Cost Sharing**

Currently each PCN emergency room visit requires a \$30 co-payment. The Department is seeking to increase the co-payment to \$50.

Currently each PCN laboratory service over \$50 requires co-insurance of 5%. The Department is seeking to increase the co-insurance to 10% for services over \$50.

Currently each PCN x-ray service over \$100 requires a co-insurance of 5%. The Department is seeking to require a 10% co-insurance for services over \$50.

Currently prescription drugs for Non-Traditional Medicaid (1931 parents that receive a reduced benefits package through the waiver) require a \$2.00 co-payment for each prescription. The Department is seeking to increase the co-payment to \$3.00 for each prescription.

### **Additional Benefits**

Urgent care provides an important after business hours option to individuals rather than going to the emergency room. In the hopes of obtaining the proper utilization of the emergency room, the Department seeks an amendment to add urgent care coverage to PCN with a \$25.00 co-payment per visit.

The Department is requesting the flexibility with PCN to limit access to some prescription drugs without prior authorization. The Department would identify drug classes where cheaper drugs are available that have been shown in medical research to provide essentially the same benefit as more expensive drugs. The Department has identified the proton pump inhibitor drug class as a likely group for this process. If the client requires a drug that is not on a preapproved list, the Department will have a prior authorization process for the physician to submit a valid medical reason why the client cannot take the less expensive medication.

The Department is seeking to amend outpatient diagnostic coverage for PCN. Currently the program provides no coverage for MRI or CT scans. With this amendment, a benefit would be added for MRI and CT scans when done in conjunction with a covered emergency room visit and within existing Medicaid protocols. Adding this benefit would decrease the cost to the client when treated in the emergency room. The required co-insurance for this service would be 25% of the allowed amount.



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**Other Services**

The original legislation in Utah that created PCN included the option for insurers to develop comparable plans. The Department is seeking an amendment to give the PCN client the option of choosing a comparable private health plan rather than enroll in Department coverage through PCN. The Department will pursue contracting with a private provider to give PCN clients a choice in plans. If this amendment is approved, the Department will review available private health plans to determine if they are cost effective in comparison to PCN.

The Department is seeking an amendment to have the flexibility to contract with a carrier to use their physician network. This addition would give PCN clients better access to primary care providers.

These amendments will impact waiver expenditures which are subject to the budget neutrality cap. Attached is a summary of the proposed cost for the requested amendments. Any of the requested amendments that are approved by CMS will be implemented effective July 1, 2007.

As a physician who has worked with PCN clients, I can tell you that many clients are extremely thankful for the benefits that the program provides. Our 1115 waiver has sought to balance limited benefits with expansions in health care coverage. Our request seeks to extend this demonstration and make some modifications for continued success.

Thank you for considering our waiver requests . I look forward to your response.

Sincerely,

A handwritten signature in blue ink that reads "David N. Sundwall". The signature is written in a cursive, flowing style.

David N. Sundwall, MD  
Executive Director

Enclosure